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U. S. Department of Agriculture

# Administrative memorandum

August 1942

Vol. V Number 37

## RISK PREMIUMS TO TOP INDEMNITIES

### PROGRAM FOR 1943 HINGES ON SALES JOB BY MEN IN THE FIELD

The crop insurance program and field workers offering the program to wheat growers are undergoing a severe test this year.

It is: Will participation be held up to expectations based on past experience?

The answer will depend upon how well state, county, and community workers planned and timed their campaign and how well and how efficiently they are able to carry the program to the farmer.

Signing growers to a three-year contract instead of a one-year contract should not result in smaller participation if the program is presented properly to the buyer. It means less bother, less worry, and no delay over crop insurance for three years. It is guaranteed income for a long haul -- not just one year. We are planning for a long war. It is necessary, then, that we plan to be always in a producing position for a long time.

As wheat acreages become smaller and wheat prices remain at a good level the wheat income from fewer acres becomes increasingly important. A farmer is better able to withstand the loss of a small field from a large acreage of wheat than he is if he planted only a small field and lost it all because of hazards beyond his control.

There are two additional inducements for growers to buy crop insurance this year. One

(See SALES JOB page 3)

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### CUT PREMIUM PLAN MAY REDUCE SOME COSTS 50 PER CENT

The premium reduction plan, put into effect this year for the first time by the Federal Crop Insurance Corporation, may cut insurance costs for some farmers as much as 50 percent, the maximum allowed, Leroy K. Smith, Manager, says.

The reduced cost plan will be available to those growers who have accumulated premium balances in excess of losses. To qualify for the lower cost, the farmer must have insured his wheat crop for two or more successive crop years, including 1942.

In general, if the grower's total paid in premiums, less indemnities, during this period equal or approximate his insured production for 1943, the farmer will receive a 50-percent cut in his premium.

If paid in premiums during the unbroken series of crop years are slightly less than his 1943 insured production, the grower's premium cost for the 1943 crop year will be counted toward the premium balance and a proportionately lower premium

(See PREMIUM CUT page 3)

### Collection Balance Made Possible By Smaller Losses

Indications are the Federal Crop Insurance Corporation will conclude its 1942 Wheat Insurance Program "in the black" for the first time since all-risk insurance was made available to farmers in 1938, as early sign-up reports show the three-year contract is being well received.

Much depends, of course, upon the fate of the spring wheat crop but up to the present, production influences have been favorable according to reports from the states. Then too, it will be difficult to submit an accurate appraisal until all notices of seeding have been tabulated. This probably will reduce the amount of premiums payable below that reported at the conclusion of the last sign-up.

However, losses generally have been less severe than in former years. In Oklahoma and Texas green bugs accounted from upwards of 750,000 bushels of wheat while a bad hail storm in Colorado destroyed an estimated 100,000 bushels in five counties.

Winterkill and hessian fly have caused the loss of some wheat in Illinois while Kansas has suffered some from hessian fly damage. Leaf rust and some flood damage has been reported from Missouri. Some lodging has been reported in the Pacific Northwest but it is not expected to cause disastrous losses.

As the Washington Office recorded these growing reports from the field word was received (See COLLECTION BALANCE page 3)

FEDERAL CROP INSURANCE CORPORATION - WHEAT PROGRESS REPORT  
July 31, 1942

1942 Wheat Sign-up				1942 Wheat Indemnities			
Applications received (number)	Farms insured (number)	Estimated premiums (bushels)	Estimated insured acreage (acres)	Estimated insured production (bushels)	Estimated insured production (bushels)	Number of indemnities	Indemnity bushels
<b>CHICAGO OFFICE:</b>							
Delaware	724	804	8,100	15,189	193,861	-	-
Illinois	35,223	45,334	613,424	696,082	9,227,822	1,903	258,194
Indiana	32,313	37,108	322,091	346,257	4,575,075	560	53,526
Iowa	8,698	10,308	176,794	132,478	1,778,320	36	4,099
Kentucky	889	947	12,846	14,237	142,157	-	-
Maryland	2,241	2,475	31,544	58,791	832,188	4	141
Michigan	32,783	35,122	199,858	239,902	3,053,536	56	4,959
New Jersey	285	286	1,594	3,184	50,281	-	-
New York	1,930	2,068	16,311	24,621	388,324	-	-
North Carolina	1,809	2,008	7,344	14,717	121,883	-	-
Ohio	38,985	43,880	258,498	372,111	5,412,003	264	24,435
Pennsylvania	7,094	7,426	50,436	87,723	1,340,562	-	-
Tennessee	1,810	1,923	10,499	19,612	168,707	10	752
Virginia	2,582	2,799	23,051	44,822	554,488	1	103
West Virginia	530	567	4,701	8,294	100,849	-	-
<b>Total</b>	<b>167,896</b>	<b>193,055</b>	<b>1,837,091</b>	<b>2,078,020</b>	<b>28,540,056</b>	<b>2,834</b>	<b>346,209</b>
<b>KANSAS CITY OFFICE:</b>							
Arkansas	33	39	218	443	4,162	-	-
Colorado	3,571	5,512	428,146	231,847	1,877,448	57	9,727
Kansas	41,962	58,849	2,843,736	2,320,926	23,245,589	1,602	203,881
Missouri	34,818	42,174	650,806	754,889	8,141,071	1,894	245,125
Nebraska	54,028	73,773	3,219,308	1,795,517	19,516,732	504	64,396
New Mexico	352	450	62,493	31,682	200,705	10	1,799
Oklahoma	21	28,242	1,183,660	1,303,815	11,678,169	3,791	576,960
Texas	9,331	11,448	1,157,467	724,920	4,946,869	4,814	846,953
<b>Total</b>	<b>165,464</b>	<b>220,487</b>	<b>9,515,834</b>	<b>7,164,029</b>	<b>69,610,745</b>	<b>12,672</b>	<b>1,948,841</b>
<b>MINNEAPOLIS OFFICE:</b>							
Minnesota	18,059	21,888	444,982	425,698	4,365,355	265	19,093
Montana	1,595	3,156	521,506	276,596	2,370,414	1	116
North Dakota	9,351	14,502	1,125,653	865,478	6,850,941	7	802
South Dakota	5,808	12,911	842,858	428,107	2,750,078	33	4,120
Wisconsin	2,793	2,925	19,904	17,588	211,571	23	1,272
Wyoming	572	954	91,502	58,587	363,679	-	-
<b>Total</b>	<b>28,178</b>	<b>56,336</b>	<b>3,046,405</b>	<b>2,072,054</b>	<b>16,912,038</b>	<b>329</b>	<b>25,403</b>
<b>SPOKANE OFFICE:</b>							
Arizona	183	414	6,741	9,636	158,921	16	2,324
California	2,354	4,536	540,862	411,938	5,532,294	139	202,243
Idaho	7,500	11,295	360,750	421,580	7,254,908	8	831
Nevada	94	97	1,879	1,464	28,981	-	-
Oregon	3,809	6,098	310,443	349,446	6,013,723	12	2,820
Utah	5,034	6,068	181,002	172,290	2,528,696	1	623
Washington	3,355	5,661	389,129	552,368	9,548,308	2	3,317
<b>Total</b>	<b>22,329</b>	<b>34,169</b>	<b>1,790,806</b>	<b>1,918,722</b>	<b>31,065,831</b>	<b>178</b>	<b>212,158</b>
<b>GRAND TOTAL</b>	<b>393,867</b>	<b>504,047</b>	<b>16,220,136</b>	<b>13,232,835</b>	<b>146,128,670</b>	<b>16,013</b>	<b>2,532,611</b>

# NEW DENVER OFFICE TO REPLACE 3 OTHER HEADQUARTERS

## CROP LOSS CONTRACTS COVER WAR HAZARDS CORPORATION STATES

Losses that might be caused by warfare to insured wheat and cotton crops are covered by the Federal Crop Insurance Corporation's insurance contracts, the Department of Agriculture said today in response to inquiries received from farmers whose 1942 crops are insured.

"The insurance contract covers unavoidable hazards and unavoidable losses caused by the war come under that clause," said Leroy K. Smith, Corporation Manager.

The farmer will be compensated for unavoidable losses caused by the war under terms of the Corporation's all-risk contract just as he would be for losses caused by drought, insects, plant disease, wind, fire, flood, hail, or winterkill.

War loss protection will guarantee the grower for the full amount of his contract -- 50 percent or 75 percent of his average yield, the maximum amounts of coverage he is guaranteed from usual crop loss causes.

This protection will be given 1942 contract holders automatically, Smith said, and will be continued for those farmers insuring their 1943 crops during the next few months.

The Corporation has insured more than half a million wheat farms and 170,000 cotton farming units for this year.

## COLLECTION BALANCE

(Cont'd from page 1)

that farmers in a number of states served by the Chicago Branch Office look upon the three-year contract with growing favor. The reaction was that the insurance program was now a more permanent self-help program and that they liked the long-time protection plan as it fitted better with long-time planning than the one-year contract.

# Timely TIPS

South Dakota - South Dakota has used a mimeographed letter for women effectively. It was entitled "Mother Hubbard's Wheat Is Insured" and carried an illustration followed by this verse:

"When the new Mother Hubbard goes to her cupboard  
She finds food, with plenty to spare  
Since she learned to insure,  
her wheat is secure,  
So her table will never be bare."

One woman expressed her opinion of crop insurance thusly: "We operate our household on a budget. We have a daughter in high school. When we make up our budget we know about how much we will have from our wheat because:

We know what our allotted acreage will be.  
We know what our average yield is.  
We know about what our sealing price will be.  
We know that we will insure for three-fourths of our crop.

"So we can figure on what our income from that field of wheat will be. That is put in our budget."

## PREMIUM CUT

(Cont'd from page 1)

cost will be given him, the Manager explained.

In no case will farmers be granted the lower rate simply because they have built up a premium balance from a large operation and shifted to a smaller operation. Adjustments will be made in those cases where growers have materially reduced acreages or lowered their insured production for any other reason.

This premium plan was designed to distribute the cost of

## Minneapolis, Spokane and Kansas City will be Closed

Further streamlining of the Federal Crop Insurance Corporation's branch office organization was announced this week by Leroy K. Smith, Manager.

Instead of having four branch offices to handle the wheat crop insurance business only two will be maintained after September 1.

A new office will be established at Denver, Colo., and the offices at Kansas City, Mo., Minneapolis, Minn., and Spokane, Wash., will be closed.

The Chicago Office will handle all states it now serves in addition to Minnesota, Iowa, Wisconsin, Missouri, and Arkansas, the latter two formerly being served by the Kansas City Office. The Denver Office will serve all other states formerly served by the Kansas City Office in addition to all states handled by the Spokane Office and Montana, Wyoming, and the two Dakotas.

Charles B. Holmes, Manager at Kansas City, will be Manager of the new Denver Office. Charles B. Gregory will continue as Manager of the Chicago Office.

## SALES JOB

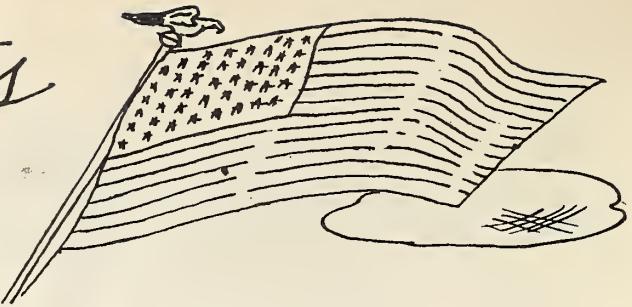
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is that all war hazards that are unavoidable are covered by their contracts. There is no added premium for this protection.

The other is the premium reduction plan. If growers are not eligible this year for that reduced rate, participation now may enable them to take advantage of it next year.

insurance more equitably by recognizing the smaller risk on those farms where there have been few or no losses. The plan is comparable to the practice of some commercial insurance companies which frequently refund some of the premium in cases where the insured suffered no loss during the insurance period.

# It represents Freedom!



Dear Mr. Blank:

Freedom is a wonderful thing. But do we stop often enough to realize how much it really means to us? What would we lose if we lost our freedom?

Well, we would lose the right to go to the church of our own choice;

the right to hold community meetings;

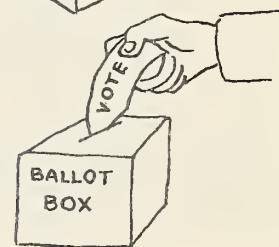
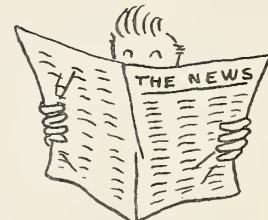
the right of free speech;

the right to read all the news;

the right to vote.

All these rights and many more would go with the loss of our freedom. In this country we even have freedom from crop failure worries through protection of growing crops with all-risk insurance.

Now that we are all in this war all the way, it is more important than ever for farmers not to take chances that might endanger farm productivity because the entire country's welfare is at stake. From the farms of this country must come the food that will help win this war. Stabilized income through crop insurance will help our farmers maintain production of food at maximum capacity.



Very truly yours,

\_\_\_\_ Chairman

\_\_\_\_ County AAA Committee